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CITY OF LINCOLN, NEBRASKA

ORDINANCE NO. _____
(passed _____, 2003)

**CONSTITUTING THE
FIRST SERIES ORDINANCE
ADOPTED UNDER
ORDINANCE NO. _____**

**AUTHORIZING
SANITARY SEWER REVENUE AND REFUNDING BONDS
SERIES 2003**

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CITY OF LINCOLN, NEBRASKA

ORDINANCE NO. _____

A SERIES ORDINANCE ADOPTED UNDER AND PURSUANT TO ORDINANCE NO. _____ PASSED _____, 2003; AUTHORIZING THE ISSUANCE OF SANITARY SEWER REVENUE BONDS, SERIES 2003 OF THE CITY OF LINCOLN, NEBRASKA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$55,000,000; FIXING IN PART AND PROVIDING FOR THE FIXING IN PART OF THE DETAILS OF SAID BONDS; PROVIDING FOR THE SALE OF SAID BONDS AND THE APPLICATION OF THE PROCEEDS OF SUCH SALE; TAKING OTHER ACTION IN CONNECTION WITH THE FOREGOING; AND RELATED MATTERS.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LINCOLN, NEBRASKA:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 1.01. Series Ordinance. This First Series Ordinance is supplemental to, and is adopted in accordance with **Article II**, **Article III** and **Article VIII** of Ordinance No. _____ passed by the City Council on _____, 2003, and approved by the Mayor on _____, 2003 (the “**General Ordinance**”).

Section 1.02. Definitions. (a) All terms which are defined in **Section 1.01** of the General Ordinance shall have the same meanings, respectively, in this Series Ordinance as such terms are given in said **Section 1.01** of the General Ordinance except as such terms may be otherwise defined herein.

(b) In this First Series Ordinance:

“**Code**” means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

“**Continuing Disclosure Certificate**” means that certain Continuing Disclosure Certificate executed by the City dated the date of issuance and delivery of the Series 2003 Bonds, as originally executed and as may be amended from time to time in accordance with the terms thereof.

“**First Series Ordinance**” means this First Series Ordinance.

“**General Ordinance**” means Ordinance No. _____ of the City of Lincoln, Nebraska, passed by the Council on _____, 2003 and approved by the Mayor on _____, 2003.

“**Participating Underwriter**” shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

“**Paying Agent**” means the financial institution selected by the Finance Director to act as Paying Agent with respect to the Series 2003 Bonds in accordance with the provisions of **Section**

4.02 hereof.

“2003 Project” means the extensions, enlargements, improvements and betterments to the System to be paid from the proceeds of the Series 2003 Bonds, including, but not limited to, **[to be provided]**.

“Registrar” means the financial institution selected by the Finance Director to act as Registrar with respect to the Series 2003 Bonds in accordance with the provisions of **Section 5.02** hereof.

“Reserve Requirement” means, with respect to the Series 2003 Bonds, the amount on the date of original issuance and delivery of the Series 2003 Bonds equal to the least of (1) 10% of the stated principal amount of the Series 2003 Bonds, (2) the maximum Debt Service of the Series 2003 Bonds during any Fiscal Year, or (3) 125% of the average annual Debt Service of the Series 2003 Bonds over the term of such Series 2003 Bonds. If the aggregate initial offering price of the Series 2003 Bonds to the public is less than 98% or more than 102% of par, such offering price shall be used in clause (1) in lieu of the stated principal amount.

“Series 2003 Bonds” means the City's Sanitary Sewer Revenue Bonds authorized by **Article III** of this First Series Ordinance.

Section 1.03 Authority for this First Series Ordinance. This First Series Ordinance is adopted pursuant to the provisions of the Act and in accordance with **Article II**, **Article III** and **Article VIII** of the General Ordinance.

ARTICLE II

FINDINGS AND DETERMINATIONS

Section 2.01. Improvements to the Sanitary Sewer System. In order to meet the needs of the City and its residents for sanitary sewerage service, it has been, and is now necessary, desirable, advisable and in the best interests of the City that certain acquisitions, construction, reconstructions, improvements, extensions, equippings and furnishings be made for, to and of the System, including, but limited to, the 2003 Project. In order to provide funds to pay the costs of the System incident to the 2003 Project and such other acquisitions, constructions, reconstructions, improvements, extensions, equipping and furnishings as the Council shall determine, it is necessary, desirable and advisable that sanitary sewer revenue bonds of the City now be issued and sold.

Section 2.02. Refunding of NDEQ Loan. (a) Interest rates have declined since the execution and delivery of the NDEQ Loan so that substantial overall savings on Debt Service will be made through the refunding of the NDEQ Loan. It is necessary, desirable, advisable and in the best interests of the City to pay in full all amounts due under and pursuant to the NDEQ Loan.

(b) For such purposes, it is necessary, desirable, advisable and in the best interests of the City that bonds be issued and sold pursuant to the General Ordinance as herein provided.

Section 2.03. Adoption of General Ordinance. On _____, 2003, the Council passed the General Ordinance to serve as the basic bond ordinance for the issuance of revenue bonds and other obligations for the Sanitary Sewer System of the City. It is necessary, desirable and advisable that the City now issue bonds under and pursuant to the General Ordinance, as supplemented by this First Series Ordinance, to provide for payment of (a) the costs of construction and acquisition of the 2003 Project, and (b) all amount due under the NDEQ Loan.

ARTICLE III

AUTHORIZATION OF SERIES 2003 BONDS

Section 3.01. Principal Amount, Designation and Series. Pursuant to the provisions of the General Ordinance, the Series 2003 Bonds, entitled to the benefit, protection and security of the General Ordinance, are hereby authorized in such aggregate principal amount as shall be determined by the Finance Director pursuant to the provisions of **Section 4.01(a)** hereof of not to exceed \$55,000,000. Such Bonds shall be designated as determined by the Finance Director in accordance with the provisions of **Section 4.01(a)** hereof, and shall be distinguished from the Bonds of all other Series.

Section 3.02. Purpose. The Series 2003 Bonds are issued for the purpose of (1) paying the costs of constructing, acquiring, equipping and furnishing the 2003 Project, (2) paying in full all amounts due under the NDEQ Loan, (3) depositing the Reserve Requirement for the Series 2003 Bonds into the 2003 Account established in the Reserve Fund in accordance with the provisions of **Section 3.11** hereof, and (3) paying certain costs of issuance of the Series 2003 Bonds.

Section 3.03. Maturities and Interest. The Series 2003 Bonds shall mature on the dates and in the principal amounts, and shall bear interest, payable on such dates and at such rates per annum as shall be determined by the Finance Director pursuant to the provisions of **Section 4.01(a)** hereof. The Finance Director shall also establish a record date for the purpose of determining the Owners of the Series 2003 Bonds to which payments of interest on the Series 2003 Bonds should be made. The Series 2003 Bonds shall bear interest from their dated date as determined by the Finance Director pursuant to the provisions of **Section 4.01(a)** hereof, or, if one or more payments of interest on the Series 2003 Bonds has or have theretofore been made or duly provided for, from the most recent interest payment date to which interest has then been paid or duly provided for.

Section 3.04. Minimum Denomination, Dates, Numbers and Letters. The Series 2003 Bonds shall be issued as Book-Entry Bonds in such denominations and shall be dated as shall be determined by the Finance Director pursuant to the provisions of **Section 4.01(a)** hereof. Unless the Finance Director shall otherwise direct, the Series 2003 Bonds shall be numbered from one upward.

Section 3.05. Place of Payment and Paying Agent. Except as shall be provided with respect to Book-Entry Bonds, the principal and Redemption Price of the Series 2003 Bonds shall be payable at the office of the Paying Agent in Lincoln, Nebraska. Except as provided with respect to Book-Entry Bonds, the interest on the Series 2003 Bonds shall be payable by check or draft of the mailed to the persons entitled thereto at the addresses of such persons shown on the registration books of the City kept for that purpose at the principal office of the Registrar.

Section 3.06 Securities Depository. The Finance Director is hereby authorized and directed to select a Securities Depository for the Series 2003 Bonds and to execute and deliver for and on behalf of the City an agreement with the Securities Depository containing such terms and conditions as the Finance Director shall determine to be necessary, desirable or advisable.

Section 3.07. Redemption Prices and Terms. The Series 2003 Bonds shall be subject to redemption prior to their respective stated maturities at the option of the City on and after such date or dates as shall be determined by the Finance Director in accordance with the provisions hereof, in whole or in part at any time in such principal amounts and from such maturity or maturities as may be selected by the City in its sole discretion (and in the event that less than all of the Series 2003 Bonds of any maturity thereof are called for redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot) at such redemption prices as shall be determined by the Finance Director in accordance with the provisions hereof together with the interest accrued to the date of redemption.

If the Series 2003 Bonds are issued as term Bonds (the "Term Bonds"), such Term Bonds are also subject to mandatory redemption by the City, in part, by lot, prior to maturity only on an interest payment

date and upon payment of the principal amount thereof from Sinking Fund Installments at 100% of the principal amount thereof, together with accrued interest thereon to date of redemption, which Sinking Fund Installments shall be sufficient to redeem on each Payment Date in the years and in such principal amounts as shall be determined by the Finance Director in accordance with the provisions hereof.

The Sinking Fund Installments shall be applied in the manner and according to the procedure set forth in **Section 5.05(b)** of the General Ordinance to the redemption and retirement of any Series 2003 Bonds issued as Term Bonds.

Section 3.08. Application of Proceeds of Series 2003 Bonds. In accordance with **Article II** and **Article III** of the General Ordinance, the proceeds, including accrued interest, of the Series 2003 Bonds, together with other legally available funds of the City, shall be received by the City and applied simultaneously with the delivery of the Series 2003 Bonds as follows:

(a) There shall be deposited in the Bond Fund the amount representing accrued interest on the Series 2003 Bonds, for application toward the payment of interest due on the Series 2003 Bonds the first interest payment date thereof;

(b) There shall be deposited in the 2003 Account in the Reserve Fund established for the Series 2003 Bonds pursuant to the provisions of **Section 3.11** hereof, the amount required so that the balance in the 2003 Account in the Reserve Fund shall equal the Reserve Requirement for the Series 2003 Bonds calculated immediately after the authentication and delivery of the Series 2003 Bonds;

(c) Such amount as shall be necessary to take up and pay in full the NDEQ Loan shall be used by the City as soon as practicable for such purposes;

(d) The balance of the proceeds of the Series 2003 Bonds remains after the disbursements from said proceeds required by subparagraphs (a), (b) and (c) above shall have been made shall be deposited into the Construction Fund established by the General Ordinance and disbursed as provided by **Section 5.10** of the General Ordinance to pay (i) the costs of acquiring, constructing, equipping and furnishing the 2003 Project, and (ii) the costs of issuance of the Series 2003 Bonds.

Section 3.09. Tax Covenants.

(a) The City covenants and agrees that (1) it will comply with all applicable provisions of the Code, including Sections 103 and 141 through 150, necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2003 Bonds and (2) it will not use or permit the use of any proceeds of the Series 2003 Bonds or any other funds of the City nor take or permit any other action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on the Series 2003 Bonds. The City will, in addition, adopt such other ordinances or resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Series 2003 Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the City.

(b) The City covenants and agrees that (1) it will comply with all requirements of Section 148 of the Code to the extent applicable to the Series 2003 Bonds, (2) it will use the proceeds of the Series 2003 Bonds as soon as practicable and with all reasonable dispatch for the purposes for which the Series 2003 Bonds are issued, and (3) it will not invest or directly or indirectly use or permit the use of any proceeds of the Series 2003 Bonds or any other funds of the City in any manner, or take or omit to take any action, that would cause the Series 2003 Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code.

(c) The City covenants and agrees that it will pay or provide for the payment from time to time of all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any Treasury Regulations applicable to the Series 2003 Bonds from time to time. This covenant shall survive payment in full or defeasance of the Series 2003 Bonds. The City specifically covenants to pay or cause to be paid to the United States, the required amounts of rebatable arbitrage at the times and in the amounts as determined by the Arbitrage Instructions. Notwithstanding anything to the contrary contained herein, the Arbitrage Instructions may be amended or replaced if, in the opinion of counsel nationally recognized on the subject of municipal bonds, such amendment or replacement will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2003 Bonds.

(d) The City covenants and agrees that it will not use any portion of the proceeds of the Series 2003 Bonds, including any investment income earned on such proceeds, directly or indirectly, in a manner that would cause any Series 2003 Bond to be a “private activity bond.”

(e) The foregoing covenants shall remain in full force and effect notwithstanding the defeasance of the Series 2003 Bonds pursuant to **Article IX** of the General Ordinance or any other provision of the Ordinance, until the final maturity date of all Series 2003 Bonds Outstanding.

Section 3.10. Form of Series 2003 Bonds and Registrar's Certificate of Authentication. The form of the Series 2003 Bonds and the Registrar’s certificate of authentication shall be of substantially the following tenor, with such variations, omissions and insertions as are required or permitted by the General Ordinance:

[FORM OF SERIES 2003 BONDS]

“AS PROVIDED IN THE ORDINANCE REFERRED TO HEREIN, UNTIL THE TERMINATION OF THE SYSTEM OF BOOK-ENTRY-ONLY TRANSFERS THROUGH [NAME OF SECURITIES DEPOSITORY] (TOGETHER WITH ANY SUCCESSOR SECURITIES DEPOSITORY APPOINTED PURSUANT TO THE ORDINANCE, [“NAME OF SECURITIES DEPOSITORY”]), AND NOTWITHSTANDING ANY OTHER PROVISIONS OF THE ORDINANCE TO THE CONTRARY, A PORTION OF THE PRINCIPAL AMOUNT OF THIS BOND MAY BE PAID OR REDEEMED WITHOUT SURRENDER HEREOF TO THE PAYING AGENT. [NAME OF SECURITIES DEPOSITORY] OR A NOMINEE, TRANSFEREE OR ASSIGNEE OF [NAME OF SECURITIES DEPOSITORY] OF THIS BOND MAY NOT RELY UPON THE PRINCIPAL AMOUNT INDICATED HEREON AS THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID. THE PRINCIPAL AMOUNT HEREOF OUTSTANDING AND UNPAID SHALL FOR ALL PURPOSES BE THE AMOUNT DETERMINED IN THE MANNER PROVIDED IN THE ORDINANCE.

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED OFFICER OF [NAME OF SECURITIES DEPOSITORY] (A) TO THE REGISTRAR FOR REGISTRATION OF TRANSFER OR EXCHANGE OR (B) TO THE PAYING AGENT FOR PAYMENT OF PRINCIPAL OR REDEMPTION PRICE, AND ANY BOND ISSUED IN REPLACEMENT HEREOF OR SUBSTITUTION HEREFOR IS REGISTERED IN THE NAME OF [NAME OF SECURITIES DEPOSITORY] AND ANY PAYMENT IS MADE TO [NAME OF SECURITIES DEPOSITORY OR ITS NOMINEE], ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL BECAUSE ONLY THE REGISTERED OWNER HEREOF, [NAME OF SECURITIES DEPOSITORY OR ITS NOMINEE], HAS AN INTEREST HEREIN.”

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**STATE OF NEBRASKA
CITY OF LINCOLN
COUNTY OF LANCASTER
SANITARY SEWER REVENUE BOND
SERIES 2003**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Original Issue Date</u>	<u>CUSIP</u>
%	_____, 20____	_____, 2003	

REGISTERED OWNER:**PRINCIPAL AMOUNT:****DOLLARS**

The **CITY OF LINCOLN, NEBRASKA** (herein called the "City"), a city of the primary class and a political subdivision and body politic and corporate of the State of Nebraska, organized and existing under and by virtue of the laws of the State of Nebraska, acknowledges itself indebted to, and for value received, hereby promises to pay to the Registered Owner (stated above) or registered assigns, on the Maturity Date (stated above) but solely from the funds pledged therefor, upon presentation and surrender of this of this bond at the office of _____, Lincoln, Nebraska, (such entity and any successors thereto being referred to herein as the "Paying Agent"), the Principal Amount (stated above) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay, but solely from the funds pledged therefor, interest on such Principal Amount in like coin or currency from _____, _____, or, if one or more payments of interest has or have theretofore been made or duly provided for, from the most recent interest payment date to which interest has been paid or duly provided for, payable on the _____ day of _____ and _____ in each year commencing _____, _____, at a rate per annum equal to the Interest Rate (stated above), until the City's obligation with respect to the payment of such Principal Amount shall be discharged. The interest so payable, and punctually paid or duly provided for, on any interest payment date will, as provided in the Bond Ordinance hereinafter referred to, be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the last day (whether or not a business day) of the calendar month next preceding such interest payment date, such payment to be made by check or draft of the Paying Agent hereinafter referred to mailed to such person at the address shown on the registration books of the City kept for that purpose at the office of _____, as Bond Registrar. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the person in whose name this bond is registered on the Regular Record Date, and shall be paid, in the manner described above, to the person in whose name this bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent,, notice whereof shall be given to holders of bonds of the series of which this bond is one not less than 10 days prior to such Special Record Date. However, so long as this bond and the series of which it is one are held in book-entry form pursuant to the Bond Ordinance, the provisions of the Bond, Ordinance governing such book-entry form shall govern repayment of the principal, redemption premium, if any, and interest on such bonds.

This bond is one of a duly authorized series of bonds of the City designated as its "Sanitary Sewer Revenue Bonds, Series 2003" (herein sometimes called the "2003 Bonds"), in the aggregate principal amount of \$_____ issued under and pursuant to and in full compliance with the Constitution and laws of the State of Nebraska, including the Charter of the City, and Ordinance No. _____ and all other ordinances amendatory of or supplemental to Ordinance No. _____, including particularly Ordinance No. _____ (said Ordinance No. _____ and all other ordinances amendatory of and supplemental to Ordinance No. _____, including said Ordinance No. _____, being herein referred to collectively as the "Bond Ordinance"), duly adopted under said Constitution and laws, including said Charter, by the Council

of the City. Copies of the aforesaid ordinances are on file in the office of the Clerk of the City. As provided in the Bond Ordinance, bonds, notes or other evidences of indebtedness of the City may be issued from time to time pursuant to supplemental ordinances in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Ordinance provided. The aggregate principal amount of bonds, notes or other evidences of indebtedness which may be issued under the Bond Ordinance is not limited except as provided in the Bond Ordinance, and all bonds, notes or other evidences of indebtedness issued and to be issued under the Bond Ordinance are and will be equally secured by as hereinafter described and covenants made in the Bond Ordinance, except as otherwise expressly provided or permitted in the Bond Ordinance. All bonds, notes or other evidences of indebtedness issued under and pursuant to the Bond Ordinance, as the same may be amended and supplemented from time to time, and equally secured thereby are hereinafter called the "Bonds."

As provided in the Bond Ordinance, the Bonds are direct and special obligations of the City payable solely from and secured as to payment of the principal or redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the Bond Ordinance solely by (i) the proceeds of the sale of the Bonds, (ii) the Revenues (as defined in the Bond Ordinance), and (iii) all funds established by the Bond Ordinance, including the investments and income, if any, thereof, subject to the provisions of the Bond Ordinance permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Ordinance. Copies of the Bond Ordinance are on file at the office of the City, and reference to the Bond Ordinance and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the security interest, pledge and assignment and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Bonds with respect thereto, with respect to giving any approvals or consents, exercising any remedies or taking certain actions pursuant to the Bond Ordinance, the terms and conditions upon which the Bonds are issued and may be issued thereunder, and for the other terms and provisions thereof.

To the extent and in the manner permitted by the terms of the Bond Ordinance, any provision of the Bond Ordinance, or any ordinance amendatory thereof or supplemental thereto, may be modified or amended by the City, with the written consent of the holders of not less than a majority in principal amount of the Bonds affected by such modification or amendment then outstanding under the Bond Ordinance, and, in case such modification or amendment would change the terms of any sinking fund installment, with such consent of not less than a majority in principal amount of the Bonds of the particular series and maturity entitled to such sinking fund installment then outstanding; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Bond Ordinance, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary (as defined in the Bond Ordinance) without its written assent thereto.

The Bond Ordinance also contains provisions permitting the City, without the necessity for the consent of the holder of any Bond, to modify or amend the Bond Ordinance to cure ambiguities or defects in the Bond Ordinance, to clarify the provisions of the Bond Ordinance or to make any other modification or amendment which the City determines will not have a material adverse effect on the interests of Bondholders.

This bond is transferable, as provided in the Bond Ordinance, only upon the books of the City kept for that purpose at the above-mentioned office of _____, as Bond Registrar, by the Registered Owner hereof in person, or by its duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney, and thereupon a new fully registered bond or bonds, without coupons, and in the same aggregate principal amount, shall be issued to the transferee in exchange therefor as provided

in the Bond Ordinance, and upon payment of the charges therein prescribed. The City, the Registrar and any Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 2003 Bonds are issuable in the form of fully registered Bonds, without coupons, in the denominations of \$5,000 or any integral multiple of \$5,000.

The 2003 Bonds are subject to redemption prior to maturity, upon notice as hereinafter provided, (i) by operation of the Bond Fund established under the Bond Ordinance to satisfy the sinking fund installments (A) with respect to the 2003 Bonds, maturing on _____, _____, commencing on _____ and on each _____, thereafter, (B) with respect to the 2003 Bonds maturing on _____, _____, commencing on _____ and on each _____, thereafter and (C) with respect to the 2003 Bonds maturing on _____, _____, commencing on _____, and on each _____, thereafter, in each case at 100% of the principal amount thereof together with accrued interest, if any, to the redemption date and (ii) otherwise, in the case of the 2003 Bonds maturing on and after _____, at the election of the City on or after _____, at any time, as a whole or in part (if in part, the maturity or maturities to be redeemed to be selected by the City in its sole discretion), at the respective redemption prices (expressed as percentages of the principal amount of the Bonds or portions thereof to be redeemed) set forth below, in each case together with accrued interest to the redemption date:

Period During Which Redeemed (both dates inclusive)	Redemption Prices
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If less than all of the 2003 Bonds of like maturity are to be redeemed, the particular 2003 Bonds to be redeemed shall be selected by the Registrar.

The 2003 Bonds are payable upon redemption at the above-mentioned office of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be given by first class mail, postage prepaid, to the registered owners of the 2003 Bonds to be redeemed sent not less than 30 days nor more than 60 days prior to the redemption date, but the failure to give notice by mail, or any defect in such notice, to the registered owner of any 2003 Bond will not affect the validity of the proceedings for the redemption of any other 2003 Bonds. If notice of redemption shall have been given as aforesaid, the 2003 Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the 2003 Bonds or portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such 2003 Bonds or portions thereof so called for redemption shall cease to accrue and be payable.

This bond shall be payable, as to principal and redemption price hereof, and interest hereon, solely from the Revenues and other funds of the City as provided in the Bond Ordinance and neither the State of Nebraska nor any political subdivision (other than the City) shall be obligated to pay the principal or redemption price hereof or interest hereon and neither the faith and creditor nor the taxing power of the State of Nebraska or any political subdivision thereof is pledged to the payment of the principal or redemption price of, or interest on, this bond. No holder of a Bond or receiver or trustee in connection with the payment of the Bonds shall have any right to compel the State of Nebraska, any political subdivision thereof to exercise its appropriation or taxing powers. No director, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal or redemption price of or interest on this

bond.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts and things required by law and the Bond Ordinance to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the 2003 Bonds, together with all other indebtedness of the City, complies in all respects with the applicable laws of the State of Nebraska.

This bond shall not be entitled to any benefit under the Bond Ordinance or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Registrar of the Registrar's Certificate of Authentication hereon.

IN WITNESS WHEREOF, THE CITY OF LINCOLN, NEBRASKA has caused this bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor, and its corporate seal (or a facsimile thereon) to be hereunto affixed, imprinted, engraved or otherwise reproduced and countersigned by the manual or facsimile signature of its Finance Director.

Dated:

CITY OF LINCOLN, NEBRASKA

By: _____
Mayor

COUNTERSIGNED: Registered in the Finance
Department of the City of
Lincoln, Nebraska

Finance Director

[FORM OF REGISTRAR'S CERTIFICATE OF AUTHENTICATION]

REGISTRAR'S CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the within-mentioned Bond Ordinance.

_____, as
Registrar

By: _____
Authorized Signature

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____
agent to transfer the within Bond on the Bond Register kept by the Paying Agent for the registration thereof,
with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must
correspond with the name of the Registered
Owner as it appears upon the face of the within
Bond in every particular.

Signature Guaranteed By:

Name of Eligible Guarantor Institution as defined
by SEC Rule 17 Ad-15 (17 CFR 240.17 Ad-15)

By: _____
Title: _____

Section 3.11. Debt Service Reserve Fund. The City shall establish within the Debt Service Reserve Fund an account for the Series 2003 Bonds issued pursuant to this First Series Ordinance to be held by the City into which the amount specified in **Section 3.08(b)** hereof shall be deposited. All amounts deposited into each account in the Debt Service Reserve Fund shall be held and administered in accordance with the provisions of **Section 5.06** of the General Ordinance.

ARTICLE IV

ADDITIONAL PROVISIONS RELATED TO THE SERIES 2003 BONDS

Section 4.01. Sale, Principal Amount, Interest Rates, Redemption Provisions and Other Terms of 2003 Bonds. (a) The Finance Director may negotiate for the sale of the Series 2003 Bonds or may offer and sell the same at negotiated sale at one time or from time to time with an underwriting discount of not more than two percent (2.00%) of the principal amount thereof. In connection with and as a part of such sale or sales, the Finance Director shall fix (i) the dated date, which shall not be later than December 31, 2003, (ii) the principal amount of the Series 2003 Bonds including the principal amounts of the respective Serial Bonds and Term Bonds of the Series 2003 Bonds; provided, however that the aggregate amount of such Series 2003 Bonds shall not exceed \$55,000,000 but may be less than that amount; (iii) the rate or rates of interest to be borne by each maturity of the Series 2003 Bonds, provided that none of said Bonds shall bear interest at a coupon rate in excess of six percent (6.00%) per annum; (iv) the principal amount of the Series 2003 Bonds maturing in each year; (v) the Sinking Fund Installments due and the dates thereof with respect to the Series 2003 Bonds in each year for which the Finance Director determines that a Sinking Fund Installment shall be due; (vi) the dates upon which the Series 2003 Bonds will be subject to redemption at the option of the City and the amount of any redemption premium, not to exceed four percent (4.0%) payable

upon the redemption of the Series 2003 Bonds, (vii) the identity of the Registrar and the Paying Agent for the Series 2003 Bonds and the form and contents of any agreement or agreements under which the Registrar and the Paying Agent would service in such respective capacities with respect to the Series 2003 Bonds, and (viii) the date upon which the NDEQ Loan shall be paid in full. Upon the delivery of and payment for the Series 2003 Bonds, the purchasers also shall pay to the City the interest accrued on the Series 2003 Bonds from the date thereof to the date of delivery of and payment therefor.

The Finance Director shall report from time to time to the City Council the purchase price of the Series 2003 Bonds sold and the principal amount, maturities, Sinking Fund Installments and other terms thereof established in accordance with the provisions of this First Series Ordinance.

Section 4.02. Ratification of Prior Actions; General and Specific Authorizations. (a) All actions heretofore taken by the City, by the Finance Director and by all other officers, officials, employees and agents of the City, including without limitation the expenditure of funds, and the selection, appointment and employment of consulting engineers, accountants, financial advisors, underwriters and bond counsel, in connection with issuance and sale of the Series 2003 Bonds, together with all other actions taken in connection with any of the matters which are the subject hereof, be and the same is hereby in all respects authorized, adopted, specified, accepted, ratified, approved and confirmed.

(b) Without in any way limiting the power, authority or discretion elsewhere in this First Series Ordinance granted or delegated, the Council hereby (a) authorizes and directs the Mayor, Finance Director, City Treasurer, City Clerk, City Attorney, and all other officers, officials, employees and agents of the City to carry out or cause to be carried out, and to perform such obligations of the City and such other actions as they, or any of them, in consultation with bond counsel, the underwriter(s) of the Series 2003 Bonds and their respective counsel, shall consider necessary, advisable, desirable or appropriate in connection with this First Series Ordinance and the General Ordinance, any Bond Purchase Agreement for the Series 2003 Bonds, the preliminary and final Official Statement of the City used in connection with the issuance and sale of the Series 2003 Bonds, and issuance, sale and delivery of the Series 2003 Bonds, including without limitation and whenever appropriate the execution and delivery thereof and of all other related documents, instruments, certifications and opinions, and (b) delegates, authorizes and directs the Finance Director the right, power and authority to exercise his own independent judgment and absolute discretion in (i) determining and finalizing the terms, provisions, form and contents of any Bond Purchase Agreement, the Series 2003 Bonds and the preliminary and final Official Statement hereinbefore mentioned, (ii) determining and finalizing all other terms and provisions to be carried by the Series 2003 Bonds not specifically set forth in this First Series Ordinance or in the General Ordinance, and (iii) the taking of all actions and the making of all arrangements necessary, proper, appropriate, advisable or desirable in order to effectuate issuance, sale and delivery of the Series 2003 Bonds. The execution and delivery by the Finance Director or by any such other officer, official, employee or agent of any such documents, instruments, certifications and opinions, or the performance by them of any act in connection with any of the matters which are the subject of this First Series Ordinance, of the General Ordinance, and of each of the other documents referred to herein, shall constitute conclusive evidence of both the City's and their approval of the terms, provisions and contents thereof and all changes, modifications, amendments, revisions and alterations made therein and shall conclusively establish their absolute, unconditional and irrevocable authority with respect thereto from the City and the authorization, approval and ratification by the City of the documents, instruments, certifications and opinions so executed and the actions so taken.

Section 4.03. Insertion in Copies Hereof of Terms and Identification Information. For the convenience of the City, the Registrar, the Paying Agent, and the Owners from time to time of said Bonds, there may be inserted, or marked, or noted, in the body of copies of this First Series Ordinance or in attachments or appendices to such copies (which attachments or appendices may or may not be referred to in the body of such copies) any of the terms of the Series 2003 Bonds fixed in accordance herewith and the other provisions hereof to be borne by the Series 2003 Bonds.

Section 4.04 Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other

provision of the Ordinance, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Section. For purposes of this Section, **“Beneficial Owner”** means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, the Series 2003 Bonds of any Series (including persons holding such Series 2003 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of a Series 2003 Bond for federal income tax purposes.

ARTICLE V

MISCELLANEOUS

Section 5.01. Headings, Table of Contents. The headings of sections of this First Series Ordinance, and any table of contents attached to copies hereof, are set forth therein or are attached to such copies solely for convenience of reference only and shall not affect the construction or interpretation of this First Series Ordinance or of any section hereof.

Section 5.02. Declaration of an Emergency. Since an emergency exists requiring immediate operation of this First Series Ordinance, it shall take effect immediately upon publication.

Section 5.03. Publication and Effectiveness of Ordinance. Whereas an emergency exists, this First Series Ordinance, after its passage, shall in lieu of and in place of newspaper publication, be posted by the City Clerk in the manner provided for in Article VII, Section 7 of the Charter of the City, and shall take effect and be in force from and after its passage and posting in accordance with Article VII, Section 7 of the Charter of the City. Further, the City Clerk shall publish once in the Lincoln Journal-Star, newspapers published and of general circulation in the City, a notice of such passage in substantially the following form:

Notice is hereby given that on _____, 2003, the City Council of the City of Lincoln, Nebraska passed Ordinance No. _____ entitled: [here shall be set forth the title of this First Series Ordinance].

Notice is hereby further given that said Ordinance No. _____ was approved by the Mayor of the City of Lincoln, Nebraska, on _____, 2003.

Copies of said Ordinance No. _____ are on file in the office of the City Clerk of the City of Lincoln, Nebraska, Room 103, County-City Building, 555 South 10th Street, Lincoln, Nebraska 68508, and are available for examination by the public.

INTRODUCED BY:

PASSED _____, 2003.

ABSENT OR NOT VOTING:

AYES: _____

NAYS: _____

Approved as to Form:

City Attorney

Bond Counsel

CONFLICT OF INTEREST:

APPROVED: _____, 2003.

Mayor